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[Proposed] Counsel to Bradley D. Sharp,  
Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
LOS ANGELES DIVISION

In re:

LESLIE KLEIN,

Debtor.

Case No.: 2:23-bk-10990-SK

Chapter 11

**CHAPTER 11 TRUSTEE'S RESPONSE TO  
THE MOTION FOR RELIEF FROM THE  
AUTOMATIC STAY UNDER 11 U.S.C. § 362**

Date: July 12, 2023  
Time: 8:30 am  
Courtroom: 1575  
Location: 255 E. Temple Street  
Los Angeles, CA 90012  
Judge: Hon. Sandra R. Klein

Bradley D. Sharp ("**Trustee**"), the duly appointed trustee for the chapter 11 estate of Leslie Klein (the "**Debtor**"), hereby files this response (the "**Response**") to the *Motion for Relief from the Automatic Stay Under 11 U.S.C. § 362* [Docket No. 174] (the "**Motion**") filed by NewRez LLC d/b/a Shellpoint Mortgage Servicing, as servicer for J.P. Morgan Mortgage Acquisition Corp. (the "**Movant**"). In support of the Response, the Trustee respectfully represents as follows:

**A. Background**

The Debtor commenced a voluntary chapter 11 case on February 22, 2023. On March 10, 2023, the Office of the United States Trustee (the "**UST**") filed a statement regarding the Debtor's

1 failure to comply with various requirements under the Bankruptcy Code, Bankruptcy Rules, and  
2 certain notices and guidelines promulgated by the UST. *See* [Docket No. 42].

3 On May 17, 2023, in response to certain motions to dismiss the Debtor's chapter 11 case  
4 filed certain creditors of the Debtor's estate, the Court entered an order directing the UST to appoint  
5 a chapter 11 trustee. *See* [Docket No. 142].

6 On May 23, 2023, the UST filed a notice appointing Bradley D. Sharp (the "**Trustee**") as the  
7 chapter 11 trustee of the Debtor's chapter 11 case. *See* [Docket No. 151]. On May 24, 2023, the UST  
8 filed an application for an order approving the appointment of Mr. Sharp as the Trustee. *See* [Docket  
9 No. 154]. On May 24, 2023, the Court entered an order approving the appointment of Mr. Sharp as  
10 the Trustee. *See* [Docket No. 155]. On May 24, 2023, Mr. Sharp accepted his appointment as  
11 Trustee. *See* [Docket No. 156].

12 Since the Trustee's appointment, he and his proposed forensic accounting firm and his  
13 proposed bankruptcy counsel have been communicating with the Debtor, the Debtor's creditors, and  
14 others that have engaged in business with the Debtor for the purpose of collecting information about  
15 property of the estate including claims the estate holds against others and claims that parties have  
16 asserted against the Debtor. The Trustee is in the beginning stages of the collection of information  
17 regarding property of the estate and the investigation into the various business and other  
18 arrangements between the Debtor and other parties.

19 **B. The Loan and the 143 S. Highland Property**

20 The Debtor owns real property located at 143 S. Highland, Los Angeles, CA 90036 (the  
21 "**Property**") (Motion, pg. 7 and Exhibit 6). On or about April 1, 2019, the Debtor borrowed  
22 approximately \$1,100,000 and secured his repayment obligations with a deed of trust against the  
23 Property. Motion, Exhibit 1.

24 Under the loan documents, the Debtor is required to pay Movant \$10,708.79 per month.  
25 (Motion pg. 8). According to the Motion, the Debtor has not made any payments that have come due  
26 after the Petition date (March – June, 2023) (Motion pg. 8 and Exhibit 4). As of the filing of the  
27 Motion, Movant estimates that the Debtor owes Movant approximately \$1,273,478. (Motion pg. 8).  
28 However, Movant concedes that the Property has a value of approximately \$2,200,000 and that there

1 is an equity cushion of at least \$926,541, which represents 42% of the value of the Property. (Motion  
2 pg. 8).

3 **C. The Motion and Trustee's Communications with Movant**

4 On June 14, 2023, Movant filed the Motion seeking relief from the automatic stay so that it  
5 can foreclose against the Property for the Debtor's failure to make timely payments under the loan  
6 documents. (Motion pg. 5). In the event the Motion is granted, Movant seeks an immediate waiver of  
7 the 14-day stay so that Movant can exercise its remedies as soon as an order is entered.

8 Trustee's counsel called and spoke to Movant's counsel asking that the Motion be continued  
9 or taken off calendar so that the Trustee can engage a real estate broker who can market and sell the  
10 Property. The proceeds of any sale would be used to pay off the obligations of the Movant and the  
11 excess proceeds would be paid into the Debtor's estate for the Trustee to administer. Movant's  
12 counsel has not responded to the Trustee's request. The Trustee's counsel followed up but had not  
13 received a response.

14 **D. The Motion Should be Denied or Continued**

15 Movant admits that it is more than adequately protected by an equity cushion equal to 42% of  
16 the Property's total value of \$2,200,000. The Trustee should be afforded time to engage a real estate  
17 broker so that the Property can be sold for the benefit of Movant but also the Debtor's estate. As the  
18 Court is aware, the Trustee was recently appointed so that he can investigate and administer the  
19 Debtor's estate. The Trustee is actively engaged in such efforts. The lifting of the automatic stay to  
20 enable Movant to foreclose against the Property would thwart the Trustee's duty and prevent the  
21 Debtor's estate from benefiting from the substantial equity in the Property.

22  
23 *[Remainder of page intentionally left blank]*  
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1 **E. Conclusion**

2 For the reasons stated herein and at the hearing, the Trustee respectfully requests the Court to  
3 deny the Motion.

4 Dated: June 28, 2023

PACHULSKI STANG ZIEHL & JONES LLP

5  
6 By /s/ John W. Lucas

7 John W. Lucas

8 [Proposed] Counsel to Bradley D. Sharp,  
9 Chapter 11 Trustee  
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## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
**10100 Santa Monica Boulevard, 13<sup>th</sup> Floor, Los Angeles, California 90067**

A true and correct copy of the foregoing document entitled (*specify*): **CHAPTER 11 TRUSTEE'S RESPONSE TO THE MOTION FOR RELIEF FROM THE AUTOMATIC STAY UNDER 11 U.S.C. § 362** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **June 28, 2023**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On (*date*) **June 28, 2023**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) \_\_\_\_\_, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

June 28, 2023  
Date

Nancy H. Brown  
Printed Name

/s/ Nancy H. Brown  
Signature

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):**

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**2. SERVED BY UNITED STATES MAIL:**

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